

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6711

BILL NUMBER: HB 1595

NOTE PREPARED: Jan 21, 2005

BILL AMENDED:

SUBJECT: Medicaid Recipient Nursing Home Admissions.

FIRST AUTHOR: Rep. Brown T

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Office of Medicaid Policy and Planning to apply for an amendment to the State Medicaid Plan to specify that the increase in the percentage of Medicaid recipients admitted to nursing homes compared to the previous year's percentage may not exceed the percentage of Indiana's personal income growth rate for the previous year.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The bill requires the Office of Medicaid Policy and Planning (OMPP) to apply for a State Plan amendment that would cap the number of Medicaid nursing facility admissions allowed in any calendar year. The cap would be based on the percentage of personal income growth for the previous year applied to the previous year's Medicaid admissions.

Medicaid is an entitlement program, meaning that if a person meets the financial and medical requirements for eligibility, the services must be provided. Under federal regulations, nursing facility care is a required service for the federal Medicaid program. Therefore, whether such a cap would be approved by the Centers for Medicare and Medicaid Services (CMS) is unknown. The bill provides that if the State Plan amendment is not approved by CMS, the Office shall not implement the cap.

The State Plan amendment and waiver application processes are not without opportunity costs. Waiver applications and State Plan amendments are developed and submitted by the existing staff in OMPP. Amendments and applications must be developed and adequately justified. If CMS has questions or requests additional information, staff must be available to respond within specified time lines or requests are considered

expired. If the amendments or waivers are subsequently approved, OMPP must implement the reimbursement for services, or changes to services, and fulfill waiver reporting requirements, including the critical fiscal neutrality reports. OMPP is now operating eight waivers.

Discussion: If CMS would allow such a cap, the fiscal impact would depend on the terms of the federal approval and the administrative implementation and procedures upon reaching any cap. If a cap on admissions or Medicaid eligibility had been in place from FY 2001 through FY 2003, the following scenario can be developed.

Year	Medicaid Residents	Medicaid Admissions	Personal Income %	Calculated Cap	Over/ (Under)	Average Mo. Rate in NH**
2001	56,691	11,616	1.9036%	*11,083	533	\$3,060.53
2002	52,450	12,323	2.0245%	11,851	472	\$3,062.06
2003	46,962	11,883	3.8255%	12,794	(911)	\$3,153.00
* Estimated. ** Average monthly rate of nursing facility stay.						

The circumstances for those individuals who are excluded from the Medicaid Program because the cap on admissions has been reached (whether private pay in a nursing facility, on a waiting list, on home- and community-based Medicaid waivers, etc.) is not known.

Medicaid is a jointly funded state and federal program. Funding for direct services is reimbursed at approximately 62% by the federal government, while the state share is about 38%. Funding for administrative services is generally shared 50/50.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid Program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: OMPP; Division of Disabilities, Aging, and Rehabilitative Services.

Local Agencies Affected:

Information Sources: “Long Term Care 2003 County Statistical Profile and 2007 Bed Needs Assessment published by the Indiana State Board of Health at: <http://www.in.gov/isdh/regsvcs/acc/lcstats/2003.htm#1>; Occupancy and Utilization Case Mix Reports, Office of Medicaid Policy and Planning at: <http://www.in.gov/fssa/statistics/pdf/nursingcounty.pdf> ; Kristy Bredemeier, Acting Legislative Liaison, OMPP 317-233-2127; and the “Statewide IN-Home Services Annual Report for FY 2001, FY 2002, and FY 2003.

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